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ABSTRACT

This report examines the roles and functions of state coordinating and governing boards of higher education. Data are from a study reviewing 20 years' worth of data and a current survey. After an introductory section, the first section analyzes historical trends which suggest modest growth in appropriations over the period. Section 2, based on the current survey, conducted in 1995-96 by the State Higher Education Executive Officers (SHEEO), discusses emerging issues of highest priority. Findings show that "state appropriations to higher education" has dominated SHEEO's concern since 1992, as well as "effectiveness and accountability" issues. New concerns involve issues in "technology" and "learning productivity", while issues in "minority access" and "teacher preparation" have fallen in importance. The third section, also based on the 1996 survey, examines the importance of different functional areas within SHEEO agencies noting that many state boards perceive their roles as more entrepreneurial and less regulatory, while assuming greater responsibility for such issues as the quality of undergraduate education, effectiveness and accountability, and instructional technology. Tables present data on: appropriations and staffing trends; the influence of constitutency groups; and the relative importance of the following functions: operations, planning, policy, academics, external affairs, information, assessment and accountability. Appendices include the survey instrument and methodology details. (Contains 22 references)(BF)

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TRENDS IN STATE COORDINATION AND GOVERNANCE

Historical and Current Perspectives

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Trends in State Coordination and Governance: Historical and Current Perspectives

Rhonda Martin Epper
Alene Bycer Russell

October 1996

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Rhonda Martin Epper and Alene Bycer Russell are research associates for the State Higher Education Executive Officers Association.

The State Higher Education Executive Officers is a nonprofit, nationwide association of the chief executive officers serving statewide coordinating boards and governing boards of postsecondary education. Its objectives include developing the interest of the states in supporting quality higher education; promoting the importance of state planning and coordination as the most effective means of gaining public confidence in higher education; and encouraging cooperative relationships with the federal government, colleges and universities and other institutional state-based association. Fifty states and Puerto Rico are members.

Copies of this report are available from the SHEEO Office for $15.00 prepaid. Send request to State Higher Education Executive Officers, 707 Seventeenth Street, Suite 2700, Denver, Colorado 80202-3427; fax 303-296-8332.

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Foreword

In this time of rapid change, no organization can expect to survive, let alone thrive, without regularly examining its purposes and how it carries out its functions. This is certainly the case with statewide coordinating and governing boards which now face the same public scrutiny that a skeptical public applies to all governmental activity. What is the "value added" by these organizations to the enterprise of higher education? This is an essential and challenging question for SHEEOs to address as they approach their work in the years ahead.

The report that follows goes a long way in addressing the value-added question. It reviews the historical reasons for the formation of statewide coordinating and governing bodies. It examines their growth and their more recent retrenchment. It notes the changing issue priorities of the boards and charts the effect of these priorities on the organizational structure and functions of the boards. Finally, the report reflects upon the changing constituencies of state coordination and the policy leadership role of these boards.

The contributions of statewide coordination are not self-evident to all and must be constantly reexamined and adjusted to meet the needs of the day. Boards must continue to serve the public good above the particular self-interest of different sectors in the current age of entrepreneurship just as in previous times. Policy leadership from SHEEOs must provide important direction in a context of intense political and financial struggles that often dominate the higher education debate in the states. This report provides thoughtful analysis on these important roles.

We welcome your comments on this report and suggestions for additional work on the subject of coordination.

James R. Mingle
Executive Director

Introduction

Over the past four decades, two deep-rooted themes have built the cornerstone for modern statewide coordination of higher education: the forces of institutional self-interest and those of the public interest. The need to resolve these two sometimes conflicting perspectives has placed heavy demands on state coordinating and governing boards of higher education--demands that have multiplied over the decades. Today, roles and functions of state boards of higher education have expanded beyond those authorized by statute. Many are expected to set a vision and to lead institutional change. Although each state board has a unique story to tell, we can safely generalize that their task has not been easy, nor their existence tranquil. Under intense public and institutional scrutiny, they have carried out their day-to-day work while trying to resolve the most pressing public policy issues facing higher education. In fact, observers of state boards have suggested that "a 'peaceful' agency may well be an agency that is dodging the tough but important issues" (Berdahl, 1971, p. 42). The decade of the 1990s has brought a new era of "entrepreneurship" for state coordinating and governing boards and, as evidenced in this report, these boards are embracing the new challenges.

This report presents results from a study conducted by SHEEO during 1995-96 on "Trends in State Coordination and Governance." In the first section, historical trends in state coordination are analyzed. This discussion is based on over twenty years of data compiled from a variety of existing data sources on appropriations to SHEEO agencies, appropriations to higher education in general, SHEEO staffing patterns, and institutional expenditures on administration. The findings from this analysis suggest modest growth in SHEEO appropriations over the 20-year

period--rising in the mid-1980s, then dropping sharply in the 1990s. However, the percent of total state appropriations for higher education that supports SHEEO agencies has remained at less than one half of one percent over the past 20 years.

The remaining sections of this report present results from a 1996 SHEEO survey. Section two discusses the emerging issues of highest priority to SHEEOs and compares them to previous surveys. Findings from this survey show that "state appropriations to higher education" has dominated SHEEOs' concerns since 1992, as well as "effectiveness and accountability" issues. New issues on the scene are "technology" and "learning productivity," while "minority access" and "teacher preparation" have fallen in importance to SHEEOs.

The third section, also based on the 1996 survey, examines the importance of different functional areas within SHEEO agencies. In this analysis, SHEEOs report greater emphasis on new responsibilities such as telecommunications planning. These new functions, however, appear to be layered on top of rather than in place of traditional SHEEO functions. Finally, the last section analyzes the influence of various constituencies on board priorities, and discusses the new policy leadership roles of state boards as described by the SHEEOs themselves. Appendix A addresses the study methodology and Appendix B includes the SHEEO survey instrument.

The Changing Landscape of Statewide Coordination and Governance

Prior to the growth period in higher education prompted by the end of World War II and the Servicemen's Readjustment Act of 1944 (the "GI Bill"), state government had remained comfortably distant from institutions of higher education. As more students arrived on college campuses, however, institutions began to grow in size and complexity. An outpouring of public

support yielded unprecedented growth in higher education during the 1950s and 1960s. During this time, governors and state legislators became increasingly interested in "coordinating" the complex array of programs, policies, and budgetary needs of institutions.

It was the federal government, however, that supplied the major force that resulted in the formation of statewide higher education boards. Through the "1202 Commissions," established in Section 1202 of the 1972 amendments to the Higher Education Act, the federal government provided an incentive for states to establish a structure that would allow broad, comprehensive planning for postsecondary education. Virtually all states that did not already have such a board responded to this incentive. By the mid-1970s, 47 states had established some type of statewide structure--either a consolidated governing board, which was responsible for all senior institutions, or a coordinating board responsible for statewide planning for two or more governing boards (McGuinness, 1994). While governing boards maintained their direct institutional and system management responsibilities, those of the "coordinating" type were given greater regulatory responsibilities and wider oversight encompassing all types of postsecondary institutions. Among their functions were keeping expenditure rates in check, ensuring budgetary equity among institutions, preserving mission diversity within the state, avoiding unnecessary program duplication, and balancing institutional interests with political and social realities (Millard, 1981).

The 1980s, particularly the last half of the decade, brought even broader responsibilities to state coordinating and governing boards. Academic quality--an issue once exclusively within the province of institutions--now entered the public domain. Issues such as undergraduate renewal and reform became top concerns for policymakers. Never before had centralized boards played a direct role in ensuring academic quality, but mandates in various forms soon began springing up

around the country requiring measurable outcomes for higher education. The roles and functions of state boards underwent a fundamental shift as governors and legislators became more interested in the quality of higher education. Four policy mechanisms were introduced in the late 1980s and used by state boards to satisfy their external constituencies: (1) setting a policy agenda for change, (2) incentive and competitive funding, (3) mandates for student assessment, and (4) performance-oriented accountability reports (McGuinness, 1994). In addition, the last half of the decade saw stronger ties between higher education and economic development initiatives (e.g., research parks, selective excellence programs).

Consistent with the legislative attention to higher education's internal operations, states also began to question the structures they had organized to govern their higher education systems. Between 1985 and 1989, at least 27 states conducted major studies of their higher education structures through blue ribbon commissions, consultant studies, or special legislative task forces. Six states (Colorado, Washington, Texas, Maryland, Nebraska, and West Virginia) actually restructured their higher education systems as a result (McGuinness, 1994).

The first half of the 1990s brought even more aggressive policies to state boards of higher education. For example, state legislators began to question institutional commitment to undergraduate teaching and learning and the overall efficiency of the enterprise. As a result, a new breed of policies involving faculty workloads (Russell, 1992) and performance indicators (Ewell, 1994) appeared on the scene. Performance funding also found new momentum with at least nine states adopting some form of this policy tool by 1995 and many more debating the issue (Layzell & Caruthers, 1995). In addition, major governance reorganizations took place in Massachusetts, Minnesota, Montana, and New Jersey.

Accompanying this more proactive agenda on the part of state boards was growing hostility and criticism. Underlying some of this criticism were changing public attitudes regarding government and higher education. The public is increasingly skeptical of government-sponsored programs, resistant to tax increases, and worried about the costs of higher education. In a recent review of 30 public opinion polls on higher education, the American Council on Education found that while higher education enjoys public goodwill overall, most people believe that the cost of higher education is escalating beyond the reach of the middle class (Harvey & Immerwahr, 1995).

Capitalizing on public anxiety about the cost of higher education and its distaste for government, some institutional administrators have suggested that a new state governance structure might solve the ills of the current system. Resulting institutional lobbying efforts reaching already frustrated legislators have led some states to abolish the existing coordinating or governing structure in favor of something else. For example, in a 1995 survey of state legislators who chair education committees, legislators from 19 states cited higher education "governance reform" as an important issue (Ruppert, 1996). Many of these legislators indicated they wanted a system that was less bureaucratic; others, out of frustration, suggested further governance changes--sometimes toward centralization (e.g., Maryland, Minnesota) and sometimes toward decentralization (e.g., Illinois). The ultimate success of these state-level restructuring efforts is not yet known. In some cases restructuring has been shown to actually hinder or postpone reform in higher education (MacTaggart, 1996). Legislators should be aware that many statewide governance changes in the past have added little or no value, and that "those of the future will need to prove that they make a difference in cost, quality, access, or price" (Mingle and Epper, forthcoming).

A series of newspaper and journal articles in 1994 and 1995 documented what many called "attacks" on state coordination (Hollander, 1994; Mercer, 1994; Greer, 1994; Mingle, 1995). The debate erupted after New Jersey Governor Christine Whitman announced her intention to eliminate the New Jersey Board of Higher Education. Among the most scathing allegations about state coordination came from a 1995 *Chronicle of Higher Education* article by James Fisher entitled "The Failure of Statewide Coordination." In this article, Fisher made sweeping generalizations about the costs, staffing, and ultimate worth of state coordinating and system governing boards. In essence, he claimed the costs and staffs of these boards were spiraling out of control while serving no important function but to "stifle and impede educational innovation" (p. A48). While not an uncommon accusation, the message and tone of this article seem particularly one-sided and lacking in factual support.

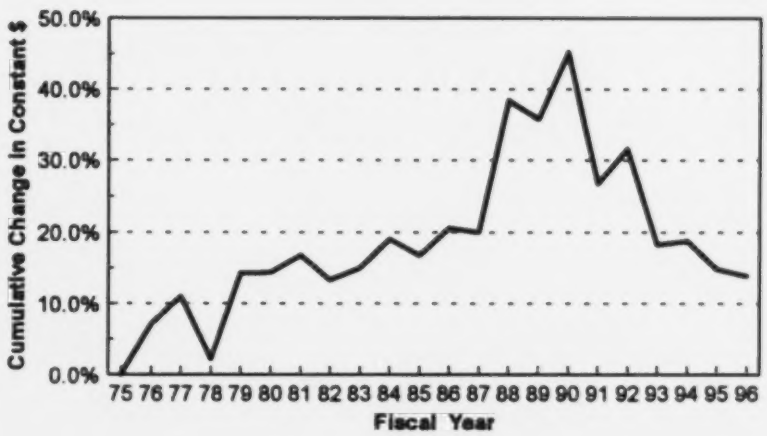
A number of SHEEOs have offered alternative viewpoints by describing their agencies' contributions to state postsecondary education. For example, Warren Fox of the California Postsecondary Education Commission commented:

> Coordinating boards, like California's, provide the voice and mediating influence of an independent actor in an otherwise competitive and superheated world of competition among campuses of higher education systems. It is often the recommendation from the independent board or commission based on sound data and research that can provide the prevailing and lasting perspective that otherwise would be lacking. (1995, p. B4)

The remainder of this section presents data trends that will perhaps shed light on both sides of the argument.

Historical Trends in State Support: A review of twenty plus years of data on state appropriations and staffing levels for state boards provides a different picture than that advanced by critics of state coordination. As shown in Figure 1, except for the years 1988 to 1992, state appropriations to SHEEO agencies (in constant dollars) showed a cumulative increase of less than 20% over the entire 20-year period.[1] In 1996, SHEEO appropriations were approximately 14% higher than they were in 1975. Given all the added responsibilities described above, this modest

Figure 1
State Appropriations to SHEEO Agencies:
Cumulative Change Over Time
(Constant Dollars)



increase hardly supports the "soaring" costs argument made by Fisher. As Figure 1 also depicts, SHEEO appropriations peaked in 1990, but then dropped 21.5% between 1990 and 1996.

When coordinating boards are examined separately from governing boards the picture is quite different (See Figure 2). Appropriations to coordinating boards increased steadily until

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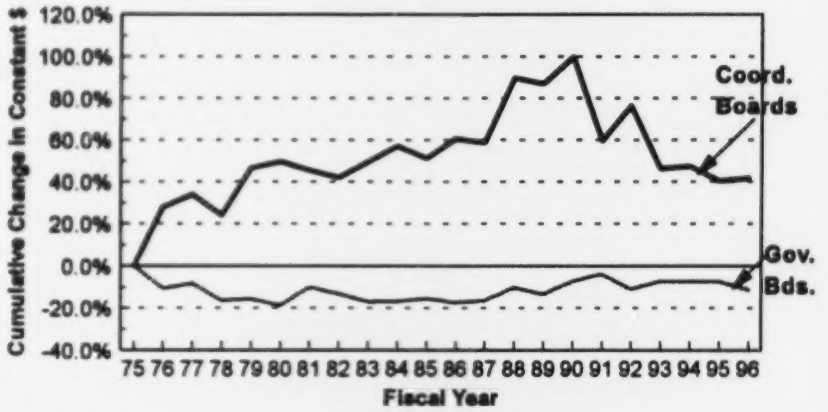
[1] State appropriations data were available for 20 coordinating boards (AL, CA, CO, CT, FL, IL, IN, LA, MD, MA, NH, NJ, NM, NY, OH, SC, TN, TX, VA, WY) and 11 governing boards (AZ, GA, ID, IA, MT, NV, ND, SD, UT, WV, WI). See Appendix A for explanation.

Figure 2
State Appropriations to Coordinating Boards and Governing Boards: Comparison of Cumulative Change Over Time (Constant Dollars)

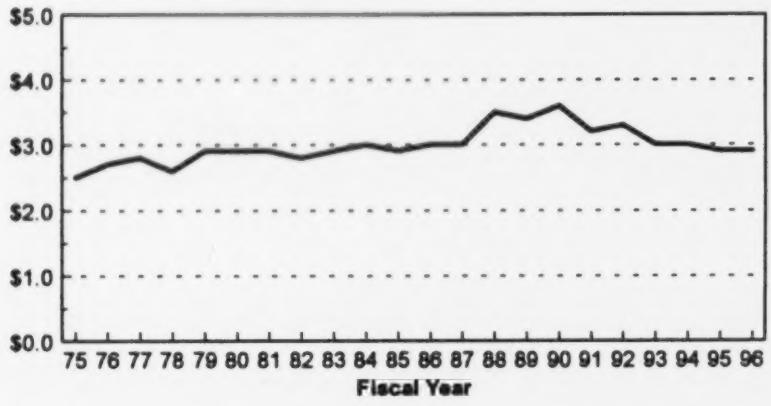


1990, followed by a sharp decline, but were still approximately 40% higher in 1996 than in 1975 (with a 29% decrease between 1990 and 1996). Appropriations to governing boards actually declined over this period and were 11% lower in 1996 than in 1975. One explanation for this trend is that coordinating boards are generally more volatile both on the upside and downside of state appropriations because they are subject to receiving ad hoc assignments from the legislature. These are typically special projects of current political interest, which may come and go depending on a state's economic health and current "political winds." For example, the Ohio Board of Regents took on several new programs in the late 1980s, such as "Selective Excellence" and a statewide library program. Both their budget and staff size grew accordingly, but then fell back in the early 1990s. On the other hand, governing boards generally experience more stability in their roles and responsibilities, and are much less likely to receive such mandates from the

legislature. Furthermore, governing boards may use institutions as the fiscal agent for statewide functions, thus reducing the size of the system budget.

Appropriations to SHEEO agencies averaged $2.5 million in 1975 (using constant dollars), peaked at $3.6 million in 1990, and dropped back to $2.8 million in 1996 (See Figure 3). These figures track with overall appropriations to higher education as a whole during the same

Figure 3
State Appropriations to SHEEO Agencies
(Millions of Constant Dollars)



period. Average total appropriations to higher education reached their climax in 1990, averaging $1.15 billion per state, then falling off to just over $1 billion by 1996 (See Figure 4). As a percentage of total higher education appropriations, the SHEEO agency appropriation has averaged less than one half of one percent over the entire 20-year period (See Figure 5).

Because coordinating board states are typically much larger in size than governing board states, it follows that their total higher education appropriation was much larger than that of governing board states (See Figure 4). Accordingly, the agency's percentage of the total higher

Figure 4
Total State Higher Education Appropriations:
Comparison of Coordinating Board and Governing Board States
(Billions of Constant Dollars)

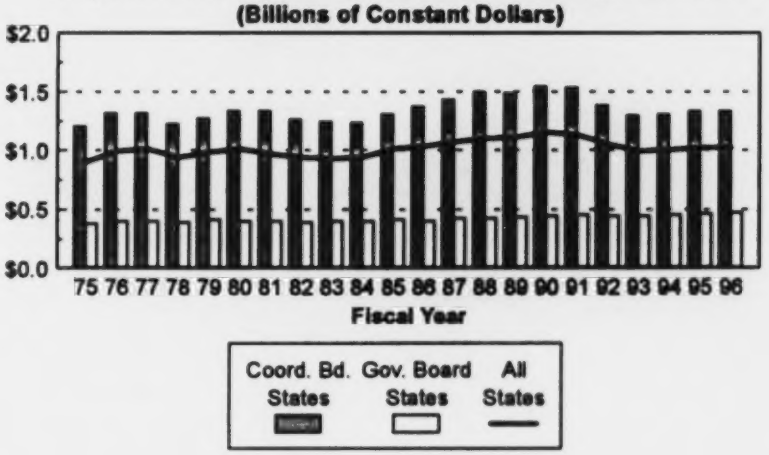
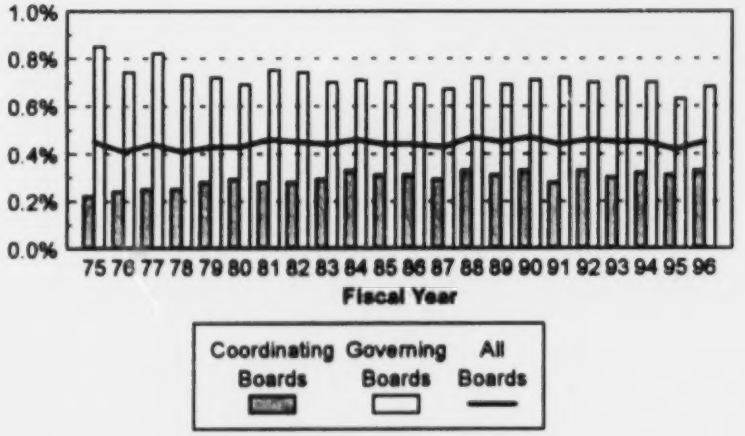


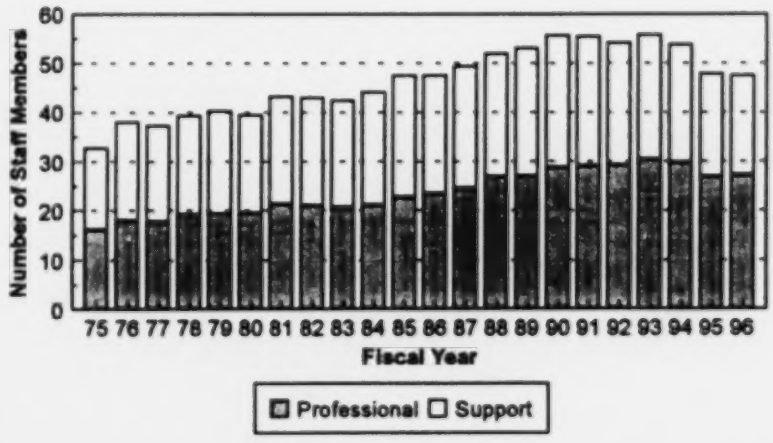
Figure 5
SHEEO Agency Approp. as a Percent of Total Higher Ed Approp.:
Comparison of Coordinating and Governing Boards



education appropriation was much smaller for coordinating boards than for governing boards (See Figure 5). In other words, while the dollar amount of SHEEO appropriations for both coordinating and governing boards did not differ significantly over the twenty years, in governing board states that amount consumed a larger proportion of a smaller total higher education budget. Another factor explaining why governing board states spend relatively more on statewide boards than do coordinating board states is that governing boards usually possess a broader array of direct management responsibilities (e.g., legal, fiduciary, personnel, collective bargaining) than do coordinating boards.

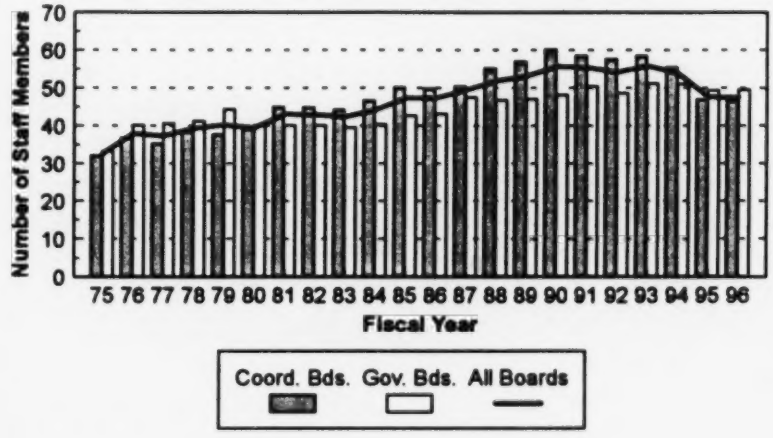
Staffing patterns in SHEEO agencies matched funding patterns fairly closely over the 20-year period (See Figure 6). The average staff size in 1975 was 33 (16 professional, 17 support), gradually grew to around 55 from 1990 to 1993 (29-30 professional, 25-27 support),

Figure 6
Staffing in SHEEO Agencies



then dropped back to 47 in 1996 (27 professional, 20 support). When comparing staff patterns of coordinating boards to governing boards, somewhat different trends are seen. In the late 1970s, coordinating and governing board staffs were fairly similar in size. But beginning in the 1980s, coordinating board staffs began growing at a faster rate than governing boards, a trend which continued through 1990 (See Figure 7). By 1996, several coordinating boards had been restructured or downsized resulting in staff reductions that brought their average size closer again

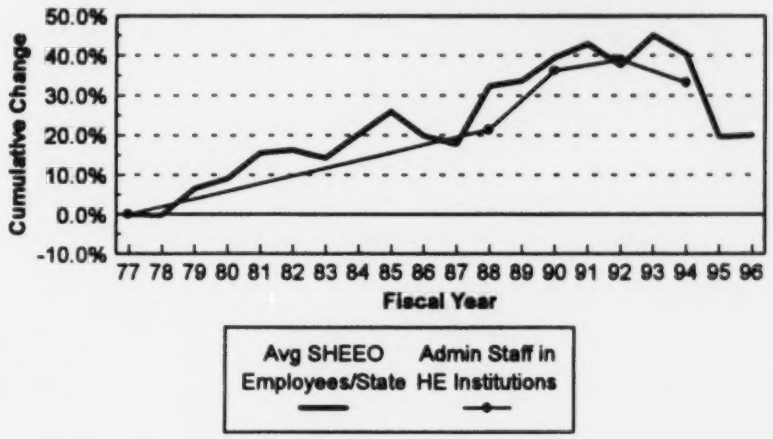
Figure 7
Staffing in SHEEO Agencies:
Comparison of Coordinating and Governing Boards



to governing boards. A coordinating board executive noted that, "As we move to doing more/same with fewer staff, we are 'investing' more in those staff. Also, we have been moving toward flattening our organization and toward working in teams. This requires additional staff development and support."

Figure 8 shows the growth in staffing for SHEEO agencies compared to the growth in administrative staffing for public higher education institutions since 1977. While the average

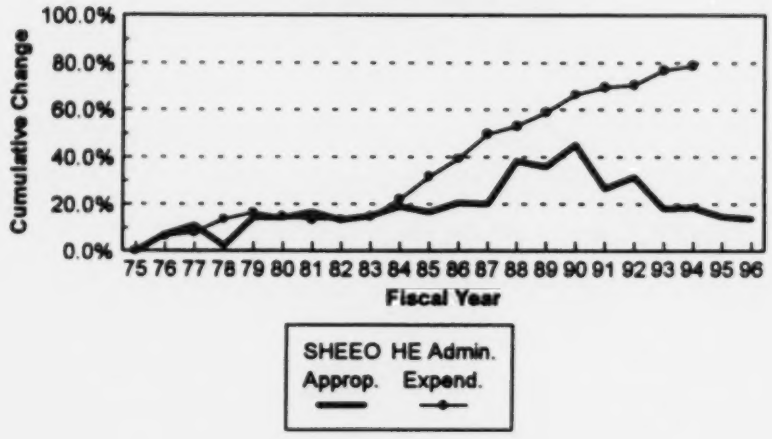
Figure 8
Cumulative Changes in Average SHEEO Employees per State and Administrative Staff in Public Higher Education Institutions



number of SHEEO employees per state increased during the late 1980s and early 1990s, total administrative staff in public institutions grew at a similar rate. In 1996, restructuring and downsizing had reduced the average size of SHEEO agencies 17% since 1991.

Collectively, while SHEEO agencies were assigned greater responsibilities throughout the 1980s and 1990s, these data illustrate that they experienced modest, but certainly not extraordinary, budget increases. And while they have no fewer responsibilities in 1996, their budgets have been reduced in real terms and their staffing levels have decreased. State boards, like the rest of higher education, are being asked to do more with less. Figure 9 compares the cumulative change in appropriations to SHEEOs with institutional expenditures on administration from 1975 to 1996. By 1993, there is a noticeable gap: institutional expenditures on administration continued to grow while state spending on SHEEO agencies declined significantly.

Figure 9
Cumulative Changes in SHEEO Appropriations and Higher Education Expenditures on Administration (Constant Dollars)



While these historical data can partially reflect the experiences of state boards over the past 20 years, they do not illuminate the numerous ways in which these boards are responding to the multiple challenges outlined in this section--not the least of which are rising enrollment pressures and cost constraints. The remainder of this report describes how state boards are responding to these new challenges.

Emerging Issues

Since the late 1980s, SHEEO has periodically surveyed its membership on the most important policy issues of the day. These surveys were conducted in 1989 and 1992, and included again in the 1996 survey on state coordination and governance. SHEEOs rated the importance of various issues on a scale of 1 ("not important") to 5 ("very important"). In 1989, the top three

priority issues for SHEEOs (in order of importance) were: (1) quality of undergraduate education, (2) minority student access and achievement, and (3) teacher education and preparation (See Table 1). These priorities reflected the national emphasis on education reform at all levels brought about through several key reports earlier in the decade, such as, *A Nation at Risk* (1983) and *Involvement in Learning* (1984), and given further impetus by the National Education Summit called by President Bush in 1989.

By 1992, the top three SHEEO priorities were: (1) adequacy of overall state financial support, (2) effectiveness and accountability, and (3) quality of undergraduate education. Between 1991 and 1992, one- and two-year declines in state appropriations to higher education were recorded for the first time in history (Hines, 1993). As appropriations to higher education took a downward turn, state financial support rose to imminent importance in the minds of SHEEOs. The American Council on Education's 1992 *Campus Trends* documented "serious and widespread funding problems" throughout all of higher education despite continued enrollment increases (p.v). The report also cited an increase in "quality assurance mechanisms" such as state-mandated assessment activities. Over 60% of public four-year institutional respondents indicated that such assessment programs were in place in 1992 (p. 10).

Table 1
SHEEO Issue Priorities
Listed in 1996 Order of Importance

Issue	Mean 1996	Mean 1992	Mean 1989
adequacy of overall state financial support	4.53	4.54	n/a
effectiveness and accountability	4.40	4.38	4.08
instructional technology/distance learning	4.24	n/a	n/a
tuition rates and overall student costs	4.20	4.04	3.90
quality of undergraduate education	4.02	4.35	4.47
workforce preparation	4.00	3.73	3.82
faculty workload and productivity	3.88	3.77	n/a
linkages between K-12 and postsecondary	3.86	3.72	3.96
student learning productivity	3.81	n/a	n/a
amount and types of student financial aid	3.80	3.72	3.71
teacher education and preparation	3.78	3.87	4.10
institutional roles and missions	3.61	3.46	3.94
minority student access and achievement	3.57	4.28	4.38
productivity of institutional administrative processes	3.43	n/a	n/a
library and data networks	3.41	n/a	n/a
adequacy and maintenance of facilities	3.35	3.49	3.96
admission standards	3.22	n/a	n/a
faculty salaries	3.16	n/a	n/a
enrollment management	3.06	n/a	n/a
state-level governance changes	2.98	n/a	n/a
adequacy of support for university research, specialized graduate education, and other economic development initiatives	2.94	3.14	4.04

Based on a scale of 1="not important to 5="very important"

Sources: 1996 SHEEO survey on State Coordination and Governance
1992: SHEEO Survey on Faculty Workload Issues and Other State Concerns
1989: SHEEO/ECS State Issues Survey. Wording on some items varies from 1996 survey, but basic meaning is consistent.

In 1996, state financial support remains the most important issue for SHEEOs. Following this in importance are (2) effectiveness and accountability and (3) instructional technology and distance learning. This third priority had not appeared on previous surveys, so it is not possible to compare its importance to prior years. However, our ongoing attention to current policy issues as well as other data from this survey would suggest that technology is a new and growing priority among SHEEOs as well as institutions.

Although state appropriations to higher education (the top 1992 and 1996 priority) have improved modestly in most states since 1991-92, many legislatures are demanding that higher education institutions document student or institutional performance in exchange for at least a portion of those appropriations. In a 1995 survey of legislative attitudes toward higher education, 44% of legislators indicated that their states would likely enact measures in the next few years to link funding to campus efforts to increase enrollment, graduation rates, or other measures of performance (Ruppert, 1996). Technology and distance learning is also both a legislative and a SHEEO priority. In the same legislative survey, 100% of respondents supported the increased use of technology in delivering instruction in higher education, and 95% said they were likely to take action on the issue in the next several years. Many states already have allocated large sums of money toward educational technology, in some cases placing the SHEEO agency in a key planning role.

As Table 1 indicates, the issues that have grown in importance since 1989 are: effectiveness and accountability (a mean increase of .32), tuition rates and overall student costs (+.30), and workforce preparation and training (+.18). These increases reflect the growing legislative emphasis on accountability and performance measures described above, rising concern

from the public about affordability, and both a national and state-level interest in job skills and workforce development (Wallhaus, 1996). Minority student access and achievement has fallen (-.81) from the second highest rated issue in 1989 to 13th in 1996. This decrease is consistent with the 1996 political environment, which is increasingly hostile toward affirmative action and other minority-related programs. Other issues declining in importance are university research and economic development initiatives (-1.10), facilities (-.61), quality of undergraduate education (-.45), institutional roles and missions (-.33), and teacher preparation (-.32).

Overall, these data indicate that SHEEO priorities often reflect larger state and national priorities for higher education. Many of the issues rated highly by SHEEOs in 1996 were also rated highly by legislators in the 1995 survey referred to earlier. Job training, for example, was rated as important in both the legislative and SHEEO surveys. One exception, however, was governance reform. Legislators rated this issue as important, while "state-level governance changes" was next to the bottom of the SHEEOs' priority list. Another exception was teacher preparation. In the legislative survey, teacher preparation was the top legislative priority for colleges and universities while only 11th on the SHEEO list. State funding for higher education is a paramount concern from all fronts: legislative, institutional, and among state boards. Moreover, these data show that state funding, along with effectiveness and accountability have dominated SHEEO agendas since at least the beginning of the 1990s.

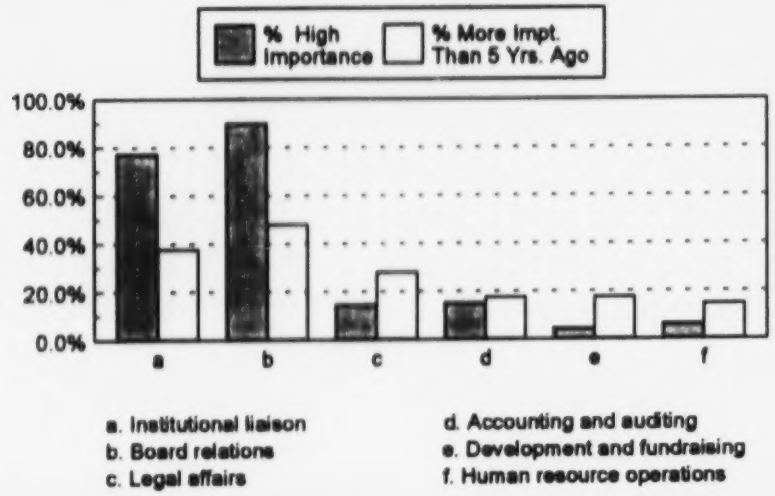
SHEEO Functions

The second section of the 1996 survey on state coordination and governance asked SHEEOs to rate the importance of different staff functions to their agency's work, and to assess

the change in that importance over the past five years. The functional areas were divided into the following groups: (1) operational functions, (2) planning, policy, and academic functions, (3) fiscal affairs functions, (4) external affairs functions, (5) information, assessment, and accountability functions, (6) student aid functions, and (7) grant program functions.

Of the "operational functions" identified in Figure 10, SHEEOs rated consultation with board members and institutions as highly important functions, especially as compared to internal

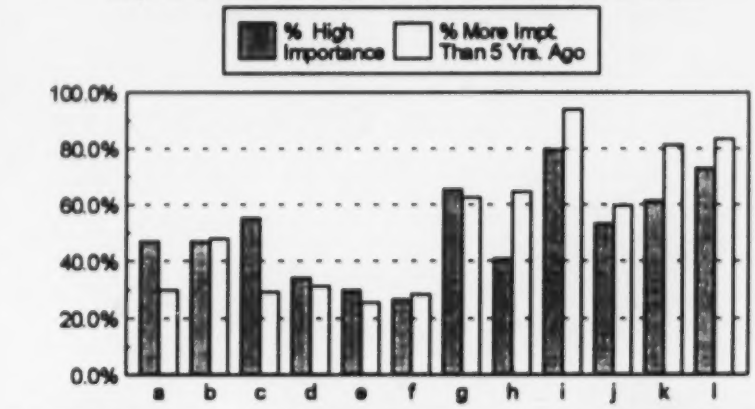
Figure 10
Importance of Operational Functions



operational functions like accounting, human resources, and legal affairs. Ninety percent of SHEEOs indicated that "board relations" is a high priority today, and nearly 50% said it is more important than five years ago. One SHEEO noted that institutional consultation through the state's "Education Roundtable," which consists of the CEOs of all systems, is more active now than ever before.

Figure 11 shows the relative importance of "planning, policy, and academic functions" to SHEEO agencies. A noteworthy finding here is that initiatives in more contemporary policy arenas (e.g., articulation, K-12 collaboration, technology, and productivity/accountability) are rated higher in importance than the more traditional, regulatory functions of state boards (e.g., program review and approval, master plan development, and mission differentiation). The change in importance in these newer initiatives is especially significant. For example, 94% of SHEEOs said telecommunications planning is more important today than it was five years ago. In addition, 83% of SHEEOs said that productivity and accountability initiatives are more important than they were five years ago. A coordinating agency noted that one of their traditional statutory responsibilities had been removed in 1996 while their planning and coordinating responsibilities in telecommunications, electronic libraries, and instructional technology were increased. While

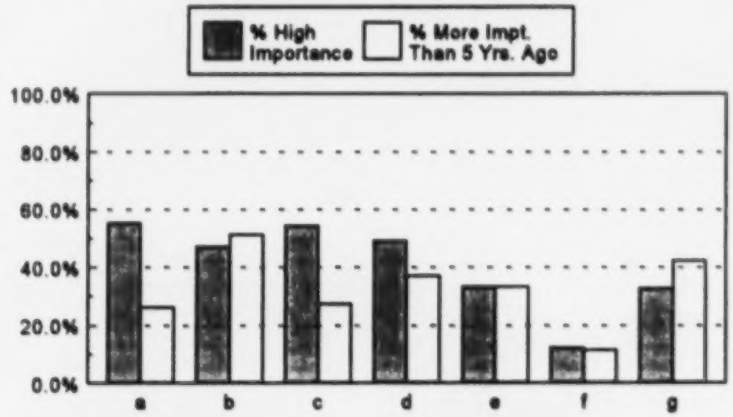
Figure 11
Importance of Planning, Policy, and Academic Functions



several activities increased in importance across the states and others stayed the same, there was no function that *decreased* in importance nationally. In most cases, the newer policy related functions appear to be additional responsibilities layered on top of traditional academic functions.

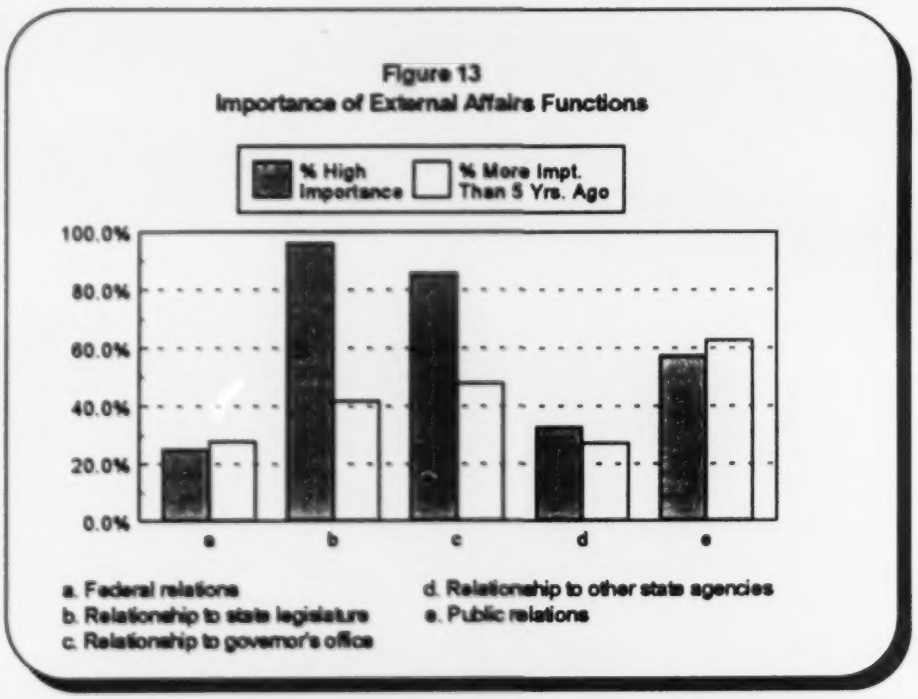
In Figure 12, results from the data analysis show the importance of "fiscal affairs functions" to state boards. Approximately half the SHEEOs rated formula, incentive, and capital budgeting as highly important functions, but *incentive funding* has grown more over the past five years than the other two. Several SHEEOs mentioned the rising importance of block grants, greater flexibility, and "a growing interest among legislators in the concept of performance funding." Tuition and fee setting is also an important function to SHEEOs with a significant increase over five years. In addition, over 40% of SHEEOs rated "faculty reward systems" as more important today than five years ago.

Figure 12
Importance of Fiscal Affairs Functions



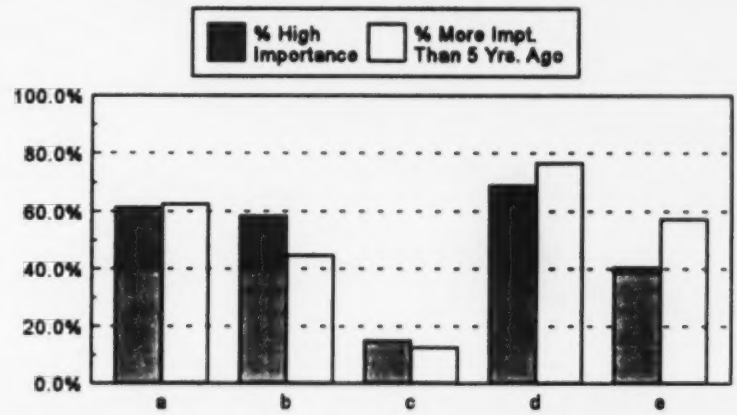
a. Formula budgeting
b. Incentive/performance funding
c. Capital budgeting
d. Tuition and fee setting
e. Fiscal policy studies
f. Investment oversight
g. Faculty reward systems

Figure 13 presents the importance of "external affairs functions" to SHEEO agencies. Clearly, the most important activity to SHEEOs in this area is communicating with the legislature. Over 95% of SHEEOs rated this function highly important. Relating to governors' offices is also highly important to 86% of SHEEOs. More than 40% of SHEEOs said both of these relationships have grown in importance during the last five years. The activity experiencing the highest increase in importance over the past five years is "relations with the public," which is perhaps indicative of the perceived disconnect between public expectations and higher education's priorities.



Under "information, assessment, and accountability functions," SHEEOs assigned high importance to development of statewide data systems, data analysis, and development of performance measures (See Figure 14). Each of these activities experienced very significant

Figure 14
Importance of Information, Assessment, and Accountability Functions



a. Development of statewide data systems
b. Data analysis
c. IPEDS reporting
d. Development of performance measures
e. Data dissemination

changes--toward greater importance--during the last five years. Clearly, this reflects very real demands imposed on SHEEOs by new accountability measures in many states as well as federal legislation such as the Student Right-to-Know and Campus Security Act (1990). In addition, data *dissemination* is growing in importance to SHEEO agencies, which in part reflects a trend toward providing educational "consumers" with better information. It is evident from the survey that SHEEOs perceive data functions among their most important and essential roles. As mentioned by one SHEEO, "We are viewed as the central source of statewide, objective, comparable data in the state."

The data from this survey were inconclusive regarding "student aid functions" and "grant program functions." Predictably, agencies that administered those programs rated them highly important, while those agencies without those responsibilities rated them of low importance.

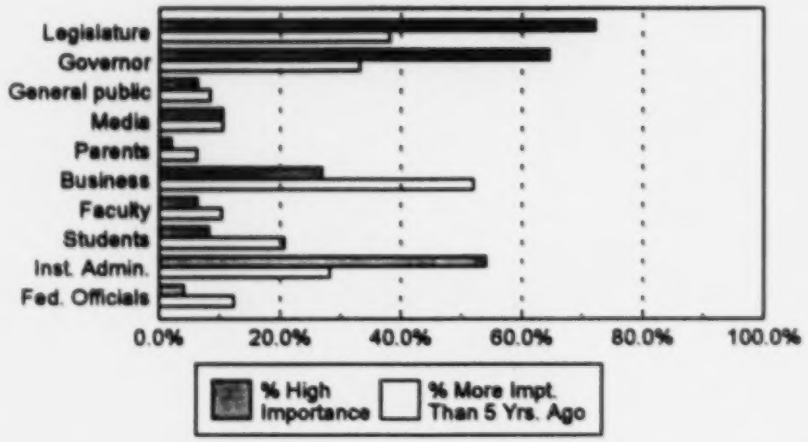
In summary, the 1996 data on SHEEO operations and functions show that consultative and communication-type functions are more important to SHEEOs than are technical and regulatory functions. External relations, for example, are a high priority for most agencies. Relations with board members, legislators, and governors are considered highly important to more than 80% of SHEEOs. The "growth" function cited by the most numbers of SHEEOs (94%) is telecommunications planning and coordination. In addition, development of data systems and performance measures are considered important and growing functions for SHEEO agencies.

On the other hand, several functions were considered lower priorities for many SHEEOs. Fewer than 15% of SHEEOs said the following are important functions in their agencies: administration of state and federal grants, IPEDS reporting, development and fundraising, and human resource operations. As stated earlier, however, no SHEEO responsibility actually *declined* in importance nationally despite increases in many functional areas. SHEEOs have shifted their priorities, and with reduced staff capacity have taken on new challenges from their constituencies.

Changes in Constituencies and Policy Leadership Roles

The third section of the survey dealt with the consultative processes and policy leadership roles of state boards. SHEEOs were asked to rate the level of influence of different constituents on their agendas, and then to assess whether that influence had changed during the past five years. As Figure 15 indicates, legislators, governors, and institutional administrators exert the greatest influence over the work of SHEEO agencies. However, business and industry experienced the greatest *increase* in influence over the past five years. Parents, students, and the general public

Figure 15
Level of Influence of Constituency Groups



have relatively little influence on board priorities, although more than 20% of SHEEOs said student influence was growing. Several respondents mentioned board members, which we did not include on our list of constituents, as having considerable control over their agendas.

SHEEOs also were asked, in an open-ended question, to describe any changes over the past five years in the way their agency carries out its policy leadership role. Responses to this question mirrored the importance assigned to functional areas in the previous section. For example, most SHEEOs view policy leadership as an important and expanding role, with less emphasis on their regulatory roles. Also, they are more focused and aggressive, and are making greater efforts to consult and collaborate with their constituencies.

In the words of one SHEEO, the agency is currently "more focused on the policy elements, less focused on the mechanics" of their roles. Underscoring this point, another SHEEO

remarked, "We are much more focused on providing leadership for change." In recent years, noted a coordinating board executive, our "mode of operation has changed away from the regulatory to more institutional aid and assistance." Part of what underlies this shift has been the national preoccupation with deregulation and "reinventing government" (Osborne and Gaebler, 1992). At both the federal and state levels, policymakers are looking for ways to ease the regulatory burdens imposed on higher education institutions. The dissolution of the federal SPRE program is one example of how a perceived regulatory burden was quickly unraveled in the spirit of reducing "big government." At the state level, many governance reform initiatives are aimed at streamlining existing higher education systems, which are often viewed as unnecessarily bureaucratic and political. For example, one SHEEO explained how "Restructuring has changed us from a highly regulatory agency to one much more involved in policy, planning, and advocacy."

Other deregulation initiatives involve states granting higher education institutions greater fiscal and management autonomy in areas such as purchasing, cash-management, and personnel. For example, in 1995 the Oregon State System of Higher Education (OSSHE) sought "public corporation" status from the legislature, which implied a far more autonomous education system. While the Oregon legislature did not fully adopt OSSHE's plans, it did provide the system greater flexibility in some areas with the intention of providing educational services to citizens more efficiently. On the other hand, one SHEEO suggested that it is difficult for coordinating boards to be entrepreneurial because they have "less flexibility in dealing with staff changes and agency reform and less flexibility on budget and expenditure matters" than do campuses and institutions.

While some agencies have been granted greater flexibility from state government, others feel their legislatures want too much say in their agendas. As one SHEEO explained, "The tendency toward more micro-management on the part of the state legislature has eroded our authority." Several coordinating board SHEEOs described closer working relationships with the legislature and the governor's office and "slightly less responsiveness to institutions." As a result, noted another SHEEO, "Politics has become more entwined in the agency's work."

Both coordinating and governing board SHEEOs described an atmosphere of more "aggressive and focused" policymaking activities in response to external expectations, which has resulted in a "polarization" between academic leaders (e.g., presidents, deans) and those outside the academy (e.g., legislators, media, the business community). One SHEEO captured the essence of this dilemma: "The environment is more hostile and our relationships with institutions more fragile. We are pressing vigorously for change and it is happening. But there is a price. Government is now seen as bad in itself, so our staff is under great pressure not just to prove that what we do is well done, but to demonstrate that it is necessary at all!"

SHEEOs also described a more collaborative approach to policymaking in the last several years. As legislators have mandated additional work in areas such as workforce development, K-12 collaboration, and telecommunications, SHEEOs have found that "consultation and consensus-building have become increasingly important." In particular, one SHEEO said he carries out his role in a much more "inclusive and deliberative" manner. Partnerships with businesses and other agencies of state government on issues of mutual interest were mentioned as a growing trend. When asked to describe recent or current major initiatives related to their policy leadership roles, SHEEOs most commonly mentioned the following types of initiatives:

accountability/performance indicators systems, articulation programs (K-16 and workforce), technology and distance learning, admission standards, funding studies, and faculty reward systems.

Overall, data from this section of the survey show that SHEEOs view "policy leadership" as a critical factor in meeting the new demands from all constituencies. Policy leadership, usually defined by the style and operation of the system chief executive officer, can help shape an environment that is conducive to institutional change. It can, in the words of one SHEEO, "stimulate and encourage institutions to work together to solve problems, rather than having solutions externally imposed."

Conclusion

In summary, responses from SHEEOs support the notion that many state boards perceive their roles as more entrepreneurial and less regulatory while assuming greater responsibilities to solve higher education's most pressing policy concerns. However, as evidenced in this report, a "less regulatory" board does not mean a "less aggressive" one in terms of policy leadership. According to one SHEEO, in order to become more entrepreneurial "we must set priorities among the many responsibilities assigned by statute, and be creative in leveraging the system so that resources other than those strictly appropriated to the SHEEO agency are directed towards solving statewide policy issues."

The historical trend analysis showed that SHEEO agency budgets and staffs grew moderately in the mid- to late 1980s, then dropped in the early 1990s. This growth during the late 1980s came as a result of new programs and initiatives assigned to state boards in areas

formerly outside of their purview, such as academic quality. Although both the 1992 and 1996 issue surveys showed state financial support as the highest SHEEO priority, other top priorities since 1989 have included academic issues such as the quality of undergraduate education, effectiveness and accountability, and instructional technology. This new role is not a comfortable one for many institutional leaders, and has led to sharp criticisms fired directly at statewide boards of all types. In some states, these criticisms have led to governance restructuring proposals and changes.

In *The Case for Coordinated Systems of Higher Education* (1995), James R. Mingle argues that the forces for state coordination came as much from within the academy as from without. Institutional leaders saw the economic, political, and educational advantages of the "system," which could extend access far beyond the elite colonial colleges of our past. Yet, Mingle noted, the value of state coordination has been questioned to the point where a certain mythology has evolved around it. Institutional administrators dream of "an autonomous public institution operating without the constraints of hierarchy and oversight from above." (p. 3). However, as Robert Berdahl once commented, "There is no such thing as no coordination" (1971, p. 240). If a centralized board is not in place to manage the competing interests of a complex set of institutions within a state, then that responsibility will likely fall to a less knowledgeable, more bureaucratic, and more political legislative staff. State coordinating and governing boards are likely to continue down their rocky path in the future, occasionally fine tuned or entirely transformed, but surviving in some form to serve both institutional and public interests.

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Appendix A

Methodology

The State Higher Education Executive Officers Association (SHEEO) periodically conducts studies on topics of interest to its members and to the wider higher education community. At the 1995 SHEEO annual meeting, there was a great deal of interest expressed in the present status and future of statewide coordination and governance. As a result, SHEEO began a multi-faceted study of this topic in fall, 1995. The study included an examination of historical data as well as a survey of SHEEO agencies. In this appendix, we describe the data sources examined and the samples represented.

Historical data: Several types of historical documents were examined to produce trend data on the landscape of statewide coordination and governance. To the extent possible, data were compiled beginning with the year 1974-75 (FY75), and each data source was carefully scrutinized--by year and by state--for reliability and comparability. We found that in many cases, data from the earliest years were either not available for some states or not comparable to later information. In these instances, questionable data were eliminated from the analysis.

The best source of information on state appropriations is the annual report *State Higher Education Appropriations*, currently written by Edward R. Hines at the Center for Higher Education, Illinois State University, and published by SHEEO. Reports going back to 1974-75 were available, and data were extracted on total state appropriations to higher education (by state) and on state appropriations to SHEEO agencies. To allow for over-time analyses, appropriations data were converted to constant 1996 dollars utilizing the Consumer Price Index for all urban consumers.

Looking specifically at SHEEO appropriations, we had to exclude several states from the analysis altogether or to exclude individual years for a number of reasons including:

- student assistance funds were included in the SHEEO totals, making it impossible to sort out the true cost of coordination/governance; typically, a footnote was provided in the original source documenting this situation;
- other special categories (e.g. scholarship funds, optometric funds, engineering funds, and teacher's loan funds) were included, again making it impossible to sort out true costs;
- there were inexplicable jumps or sudden decreases in appropriations suggesting that something other than true costs were included, but often, no explanation was given;
- for governing boards specifically, very large appropriations were given under such titles as "systemwide support;" it was apparent that these figures included more than the administrative costs of coordination/governance; and
- the simplest problem, data were missing for a given year or agency.

In total, we determined that consistent, comparable data from 31 states could be used in the study; this included 20 coordinating board states and 11 governing board states. For these 31 states only we then compiled data on total higher education appropriations, but decided against collecting data on the remaining 19 states. It was felt that comparison of trends over time comparing SHEEO agency appropriations and total higher education appropriations would be cleaner if exactly the same states were included.

Data on staffing of SHEEO agencies were taken from the Staffing and Salary Survey conducted annually by the SHEEO office. In this case, data were generally more straightforward and compatible over time. Forty-two states could be included in the analysis including 26 coordinating board states and 16 governing board states. However, some information was missing or inconsistent over the years and had to be excluded. For example, for just a few states,

the staffing survey listed the entire department of education including K-12 staff and had to be eliminated.

Historical data on administrative staff in public higher education institutions were more difficult to obtain since this information has not been collected systematically over past decades. The most recent *Digest of Education Statistics*, published in October, 1995, included data for 1977, 1990, and 1992 only (Table 214, page 227). Additional data for 1988 were obtained from the 1990 *Digest of Education Statistics* (Table 203, page 216), and unpublished data for 1994 were provided by the National Center for Education Statistics in September, 1996. With the assurance of NCES staff, we believe that the 1977 data collection effort was sufficiently consistent with later studies to provide baseline data for measuring change, but we have data from five points in time only--no further data could be found for the years 1978 through 1987.

Data on higher education expenditures on administration (institutional and academic support less libraries) came from several editions of the *Digest of Education Statistics*. Data for 1975 came from the 1976 *Digest* (Table 133, page 141), for 1976 from the 1977-78 *Digest* (Table 136, page 135), and for 1977 through 1993 from the 1995 *Digest* (Tables 335-337, pages 350-352). Unpublished data for 1994 were provided by NCES staff in September 1996.

SHEEO survey: In the fall of 1995, SHEEO designed and pilot-tested a survey instrument designed to collect information from chief executive officers of the SHEEO agencies in all 50 states. Questions covered top issue priorities for state boards, the importance of different functional areas in SHEEO organizations, the changing influence of constituencies on board priorities, and the future of coordination and governance of public higher education. Appendix B contains the final survey instrument that was mailed to SHEEOs in November 1995 with a

requested return date of December 20. Follow-up of non-respondents took place in early 1996, and in total, respondents from 49 states completed the survey. In sum, the following table indicates the states for which each type of data were available for this study:

State	Type of Board	SHEEO Survey	Appropriations Data	Staffing Data
Alabama	c	x	x	x
Alaska	c	x		x
Arizona	g	x	x	x
Arkansas	c	x		x
California	c	x	x	x
Colorado	c	x	x	x
Connecticut	c	x	x	x
Delaware	c	x		x
Florida	c	x	x	x
Georgia	g	x	x	x
Hawaii	g	x		
Idaho	g	x	x	x
Illinois	c	x	x	x
Indiana	c	x	x	x
Iowa	g	x	x	x
Kansas	g	x		x
Kentucky	c	x		x
Louisiana	c	x	x	x
Maine	g	x		x
Maryland	c	x	x	x
Massachusetts	c	x	x	x
Michigan	c	x		x
Minnesota	c	x		x
Mississippi	g	x		x
Missouri	c	x		x
Montana	g	x	x	x
Nebraska	c	x		x
Nevada	g	x	x	x
New Hampshire	c	x	x	
New Jersey	c	x	x	x
New Mexico	c	x	x	x
New York	c	x	x	

State	Type of Board	SHEEO Survey	Appropriations Data	Staffing Data
North Carolina	g	x		x
North Dakota	g	x	x	x
Ohio	c	x	x	x
Oklahoma	c	x		x
Oregon	g	x		
Pennsylvania	c			
Rhode Island	g	x		
South Carolina	c	x	x	x
South Dakota	g	x	x	x
Tennessee	c	x	x	x
Texas	c	x	x	x
Utah	g	x	x	x
Vermont	g	x		x
Virginia	c	x	x	x
Washington	c	x		x
West Virginia	g	x	x	x
Wisconsin	g	x	x	x
Wyoming	c	x	x	

c=coordinating board g=governing board

Appendix B

State Higher Education Executive Officers
Survey on State Coordination and Governance
December, 1995

Section I - Issue Priorities

This section explores the importance of various current issues in higher education. From the perspective of an "expert witness" on higher education, please indicate the importance of each issue in your state. We ask that you reflect your professional judgment, not necessarily your personal preferences.

	Not Important				Very Important
a. quality of undergraduate education (e.g. curricular innovations)	1	2	3	4	5
b. minority student access and achievement	1	2	3	4	5
c. teacher education and preparation	1	2	3	4	5
d. institutional roles and missions	1	2	3	4	5
e. effectiveness and accountability	1	2	3	4	5
f. productivity of institutional administrative processes	1	2	3	4	5
g. student learning productivity	1	2	3	4	5
h. instructional technology/distance learning	1	2	3	4	5
i. library and data networks	1	2	3	4	5
j. adequacy of overall state financial support	1	2	3	4	5
k. tuition rates and overall student costs	1	2	3	4	5
l. amount and types of student financial aid	1	2	3	4	5
m. enrollment management	1	2	3	4	5
n. admission standards	1	2	3	4	5

	Not Important				Very Important
o. linkages between K-12 and postsecondary	1	2	3	4	5
p. workforce preparation and training	1	2	3	4	5
q. adequacy of support for university research, specialized graduate education, and other economic development initiatives	1	2	3	4	5
r. adequacy and maintenance of facilities	1	2	3	4	5
s. faculty salaries	1	2	3	4	5
t. faculty workload and productivity	1	2	3	4	5
u. state-level governance changes	1	2	3	4	5
v. other(s) [please list]	1	2	3	4	5

Section II - Scope of Operations and Functions

This section examines the importance of various tasks that SHEEO agencies perform. The work of SHEEO agencies is classified into seven functions, each of which is further divided into several task areas. Respondents are asked to think about which task areas are of high importance to their agency's top priorities and which are of lower importance.

For each item in the seven tables below, please circle the number that best describes: (A) the current importance of each task area to your agency, and (B) the extent to which this has changed over the past five years. In addition, if any of these task areas has changed in focus or substance over the past five years, please indicate this under "comments" at the bottom of each table.

1. OPERATIONAL FUNCTIONS	A. Current Importance			B. Change Over Five Years		
	Low	Medium	High	Less Impt. Than 5 Yrs. Ago	Same as 5 Yrs. Ago	More Impt. Than 5 Yrs. Ago
a) Institutional liaison (e.g., with chief executives or advisory committees)	1	2	3	1	2	3
b) Board relations and operations	1	2	3	1	2	3
c) Legal affairs	1	2	3	1	2	3
d) Accounting and auditing	1	2	3	1	2	3
e) Development and fundraising	1	2	3	1	2	3
f) Human resource operations (e.g., payroll, recruiting, personnel policies)	1	2	3	1	2	3
Comments:						

2. PLANNING, POLICY, AND ACADEMIC FUNCTIONS	A. Current Importance			B. Change Over Five Years		
	Low	Medium	High	Less Impt. Than 5 Yrs. Ago	Same as 5 Yrs. Ago	More Impt. Than 5 Yrs. Ago
a) Approval of new programs	1	2	3	1	2	3
b) Review of existing programs	1	2	3	1	2	3
c) Master plan development or update	1	2	3	1	2	3
d) Mission statement development or update	1	2	3	1	2	3
e) Academic policy studies	1	2	3	1	2	3
f) Development of admission standards	1	2	3	1	2	3
g) Articulation of courses and programs	1	2	3	1	2	3
h) Program development in collaboration with K-12	1	2	3	1	2	3
i) Telecommunications and network planning and coordination	1	2	3	1	2	3
j) Electronic library and resource sharing systems	1	2	3	1	2	3
k) Instructional technology (e.g., courseware development and faculty training)	1	2	3	1	2	3
l) Special initiatives related to productivity/accountability	1	2	3	1	2	3

Comments:

3. FISCAL AFFAIRS FUNCTIONS	A. Current Importance			B. Change Over Five Years		
	Low	Medium	High	Less Impt. Than 5 Yrs. Ago	Same as 5 Yrs. Ago	More Impt. Than 5 Yrs. Ago
a) Base-plus-increment or formula budgeting	1	2	3	1	2	3
b) Program/categorical budgeting (e.g., incentive or performance funding)	1	2	3	1	2	3
c) Capital budgeting	1	2	3	1	2	3
d) Tuition and fee setting	1	2	3	1	2	3
e) Fiscal policy studies	1	2	3	1	2	3
f) Oversight and management of investments	1	2	3	1	2	3
g) Faculty reward systems (e.g., promotion, tenure, and collective bargaining)	1	2	3	1	2	3

Comments:

4. EXTERNAL AFFAIRS FUNCTIONS	A. Current Importance			B. Change Over Five Years		
	Low	Medium	High	Less Impt. Than 5 Yrs. Ago	Same as 5 Yrs. Ago	More Impt. Than 5 Yrs. Ago
a) Federal relations	1	2	3	1	2	3
b) Relationship to state legislature	1	2	3	1	2	3
c) Relationship to governor's office	1	2	3	1	2	3
d) Relationship to other state agencies	1	2	3	1	2	3
e) Public relations	1	2	3	1	2	3

Comments:

5. INFORMATION, ASSESSMENT, AND ACCOUNTABILITY FUNCTIONS	A. Current Importance			B. Change Over Five Years		
	Low	Medium	High	Less Impt. Than 5 Yrs. Ago	Same as 5 Yrs. Ago	More Impt. Than 5 Yrs. Ago
a) Development and maintenance of statewide data systems	1	2	3	1	2	3
b) Data analysis	1	2	3	1	2	3
c) IPEDS coordination/reporting and other federal reporting	1	2	3	1	2	3
d) Development of performance measures	1	2	3	1	2	3
e) Data dissemination (e.g., data books, statistical reports, World Wide Web, or other electronic access)	1	2	3	1	2	3
Comments:						

6. STUDENT AID FUNCTIONS	A. Current Importance			B. Change Over Five Years		
	Low	Medium	High	Less Impt. Than 5 Yrs. Ago	Same as 5 Yrs. Ago	More Impt. Than 5 Yrs. Ago
a) Administration of state grant programs	1	2	3	1	2	3
b) Administration of federal and state loan programs	1	2	3	1	2	3
c) Dissemination of "consumer information"	1	2	3	1	2	3
Comments:						

7. GRANT PROGRAM FUNCTIONS	A.Current Importance			B. Change Over Five Years		
	Low	Medium	High	Less Impt. Than 5 Yrs. Ago	Same as 5 Yrs. Ago	More Impt. Than 5 Yrs. Ago
a) Administration of state categorical grants	1	2	3	1	2	3
b) Administration of federal grants	1	2	3	1	2	3
Comments:						

Section III - Consultative Processes and Policy Leadership Role

This section explores the current influence of various constituency groups on the work of the SHEEO agency and how the agency's priorities and functions are changing.

Please answer the following questions thinking of your agency as a whole.

1. Please indicate in column (A) the current level of influence each of the following constituents *currently* has in developing your agency's priorities and functions, and in column (B) the extent to which that influence has *changed* over the past five years.

	A. Current Level of Influence			B. Change Over Five Years		
	Little Influence	**Some Influence**	**Heavy Influence**	**Less Influence than 5 yrs ago**	**Same as 5 yrs ago**	**More Influence than 5 yrs ago**
a) Legislature	1	2	3	1	2	3
b) Governor	1	2	3	1	2	3
c) General public	1	2	3	1	2	3
d) Media	1	2	3	1	2	3
e) Parents	1	2	3	1	2	3
f) Business	1	2	3	1	2	3
g) Faculty	1	2	3	1	2	3
h) Students	1	2	3	1	2	3
i) Institutional administrators	1	2	3	1	2	3
j) Federal officials	1	2	3	1	2	3
k) Other(s) [please list]	1	2	3	1	2	3

2. *Consider for a moment the forces that shape your agency's most important priorities and functions.*

   a) Please describe briefly any significant changes over the past five years in the way your agency carries out its policy leadership role.

   b) Please describe briefly any broad-based policy initiatives introduced by your agency in the past five years.

Respondent Information Section
State/Agency:
Respondent:
Title:
Phone:
Date:
Thank you for your assistance. Please mail the completed questionnaire by December 20, 1995 to: **Governance Survey** **SHEEO** **707 17th Street, Suite 2700** **Denver, Colorado 80202-3427**